

PUBLIC DISCLOSURE

January 24, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Crown Bank
Certificate Number: 34259

400 Westminister Avenue
Elizabeth, New Jersey 07208

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Outstanding.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- The bank made a substantial majority of its small business loans in its assessment areas.
- The geographic distribution of small business loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects excellent penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

- The institution demonstrates excellent responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity and the need and availability of community development opportunities within the assessment area.

DESCRIPTION OF INSTITUTION

Background

Crown Bank is a community bank headquartered in Elizabeth, New Jersey. The institution is a Subchapter S-Corporation which is 90.0 percent owned by the institution's Chairman. Crown Bank does not have a holding company, subsidiaries, or affiliate activities. The bank received a "Satisfactory" rating at the prior FDIC Performance Evaluation dated November 25, 2019, based on Interagency Intermediate Small Bank Examination Procedures.

Operations

Crown Bank operates 13 full-service branches throughout the northeastern New Jersey Counties of Essex (2), Hudson (3), Middlesex (1), Passaic (1), Somerset (1), and Union (3); Ocean County in central New Jersey (1); and Atlantic County in southern New Jersey (1). Crown Bank closed its Union City (Hudson County) branch in April 2022, located in a low-income census tract, due to the branch's low volume of deposits and its close proximity to the West New York branch. The West New York branch is located within one mile of the former Union City branch, therefore minimizing the closure's impact to low- and moderate-income areas. The bank did not open any branches or engage in any merger or acquisition activities since the previous evaluation.

Crown Bank is a commercial lender that only offers commercial real estate and commercial and industrial loans. The institution provides a variety of personal and business deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and telephone banking, electronic bill pay, and one automated teller machine (ATM) at each branch.

Ability and Capacity

As of September 30, 2022, assets totaled \$578.6 million, and included total loans of \$468.0 million and total securities of \$36.0 million. Since the prior evaluation, assets increased by 10.7 percent, and total loans increased 21.6 percent. The following table depicts the bank's loan portfolio distribution as of September 30, 2022.

Loan Portfolio Distribution as of September 30, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	33,939	7.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	18,037	3.9
Secured by Multifamily (5 or more) Residential Properties	16,959	3.6
Secured by Nonfarm Nonresidential Properties	385,287	82.3
Total Real Estate Loans	454,222	97.1
Commercial and Industrial Loans	15,627	3.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	135	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	382	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(2,399)	(0.5)
Total Loans	467,967	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more assessment areas within which examiners will evaluate its CRA performance. Crown Bank designated two assessment areas in New Jersey encompassing all of Bergen, Essex, Hudson, Middlesex, Monmouth, Somerset, Passaic, and Union Counties; and portions of Ocean and Atlantic Counties. Essex and Union Counties are located in Metropolitan Division (MD) 35084 (Newark, NJ-PA). Bergen, Hudson, and Passaic Counties are located in MD 35614 (New York-Jersey City-White Plains, NY-NJ). Middlesex, Monmouth, Somerset, and Ocean Counties are located in MD 35154 (New Brunswick-Lakewood, NJ). MD 35084, MD 35614, and MD 35154 are contiguous and part of Metropolitan Statistical Area (MSA) 35620 (New York-Newark-Jersey City, NY-NJ-PA). Atlantic County is located in MSA 12100 (Atlantic City-Hammonton, NJ).

The following sections describe the two assessment areas.

New York-Newark-Jersey City, NY-NJ-PA MSA (35620)

This assessment area encompasses the full Counties of Bergen, Essex, Hudson, Middlesex, Monmouth, Somerset, Passaic, and Union; and portions of Ocean County. This area includes 1,248 census tracts consisting of 180 (14.4 percent) low-income tracts, 243 (19.5 percent) moderate-income tracts, 388 (31.1 percent) middle-income tracts, and 429 (34.4 percent) upper-income tracts. This area also includes eight (0.6 percent) census tracts for which no demographic data is available, usually the result of limited, or no population. Examiners will refer to this assessment area as the MSA 35620 assessment area.

Atlantic City-Hammonton, New Jersey MSA (12100)

This assessment area encompasses 10 census tracts in Atlantic County, New Jersey. This area consists of two (20.0 percent) moderate-income tracts, three (30.0 percent) middle-income tracts, and five (50.0 percent) upper-income census tracts. Examiners will refer to this assessment area as the MSA 12100 assessment area.

Crown Bank did not make any changes to its assessment areas since the previous evaluation. Please refer to the individual assessment area sections for further detailed demographic and economic information on each area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior CRA evaluation dated November 25, 2019, to the current evaluation. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Crown Bank's CRA performance. These procedures include the Lending Test and the Community Development Test. Please refer to the Appendix for details on the Lending Test and Community Development Test criteria.

Of the two assessment areas, the bank's performance in the MSA 35620 assessment area carried the most weight in determining overall ratings and conclusions, as this assessment area accounts for a significant majority of the institution's loans, deposits, and branches. Examiners used full-scope procedures to assess performance in the MSA 35620 assessment area and limited-scope procedures for the MSA 12100 assessment area.

Activities Reviewed

Examiners determined that the bank's major product line, considering its business strategy and the number and dollar volume of loans originated during the evaluation period, is small business loans. No other loan types, such as home mortgage, small farm, or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Due to its asset size, the bank is not required to report its small business lending activity. However, management optionally collected this data, and examiners used it to evaluate the bank's small business lending performance. In 2019, the bank originated 12 loans totaling \$3.7 million; in 2020, the bank originated 172 loans totaling \$23.7 million; and in 2021, the bank originated 114 loans totaling \$17.6 million. The significant increase in small business loan volume in 2020 and 2021 resulted from the bank's participation in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) during the COVID-19 pandemic. In 2020, Crown Bank made 158 small business loans through the PPP totaling \$17.2 million. In 2021, the bank made 97 small business loans through the PPP totaling \$11.7 million. For comparison purposes, examiners

reviewed Dun & Bradstreet (D&B) business demographic data.

For the Lending Test, the Assessment Area Concentration criterion includes loan data for each of the three years analyzed; however, the other rating criteria only includes loan data for 2021, as the bank's performance was generally consistent throughout the evaluation period. Examiners reviewed the number and dollar volume of small business loans; however, examiners emphasized performance by number of loans since it is a better indicator of the number of businesses served. For the Community Development Test, management provided data on community development loans, investments, and services since the prior CRA evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Crown Bank demonstrated excellent performance under the Lending Test. The bank's performance in the MSA 35620 assessment area primarily supports the Lending Test rating. Refer to the individual assessment area sections for detailed discussions of the bank's Lending Test performance.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs. Crown Bank's LTD ratio, calculated from Call Report data, averaged 100.6 percent over the past 12 calendar quarters from December 31, 2019, to September 30, 2022. The ratio trended upwards during the evaluation period, ranging from a low of 86.0 percent as of December 31, 2019 to a high of 111.9 percent as of September 30, 2022.

As shown in the following table, Crown Bank maintains an average net LTD ratio that is higher than those of similarly situated institutions. Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTD Ratio (%)
Brunswick Bank and Trust	381,555	98.4
Crown Bank	578,590	100.6
Magyar Bank	798,522	92.1
New Millennium Bank	646,762	86.6
<i>Source: Reports of Condition and Income</i>		

Assessment Area Concentration

Crown Bank made a substantial majority of its small business loans, by number and dollar volume, inside its assessment areas. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	12	100.0	0	0.0	12	3,657	100.0	0	0.0	3,657
2020	152	88.4	20	11.6	172	21,125	89.1	2,579	10.9	23,704
2021	100	87.7	14	12.3	114	15,191	86.1	2,448	13.9	17,639
Total	264	88.6	34	11.4	298	39,973	88.8	5,027	11.2	45,000
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. Crown Bank's excellent geographic distribution of loans in the MSA 35620 assessment area primarily supports this conclusion. The bank's performance in the MSA 12100 assessment area is below its overall performance in the MSA 35620 assessment area. Refer to the individual assessment area sections for details.

Borrower Profile

The distribution of loans reflects excellent penetration among businesses of different revenue sizes throughout the assessment areas. Crown Bank's performance in the MSA 35620 assessment area primarily supports this conclusion. The bank's performance in the MSA 12100 assessment area is below its overall performance; however, it does not change the overall criterion rating. Refer to the individual assessment area sections for details.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Crown Bank demonstrated excellent responsiveness to the community development needs of its assessment areas. Examiners considered the institution's capacity and the need and availability of such opportunities in the institution's assessment area.

Community Development Loans

Crown Bank originated 27 community development loans totaling \$152.4 million during the evaluation period, representing 27.8 percent of total assets and 32.5 percent of total loans as of December 31, 2022. Crown Bank made a significant majority of its community development loans

within its assessment areas, which further highlights its excellent responsiveness to the local community. Since the prior evaluation, community development loans remained consistent by number but significantly increased by dollar volume since the prior evaluation, at which time the bank originated 26 community development loans totaling \$62.3 million. According to management, the bank concentrates its community development efforts on community development lending as it has the most direct impact on the assessment areas. The bank is a leader in community development loans. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	1	16,000	1	16,000
2020	2	10,762	1	4,022	0	0	6	16,750	9	31,534
2021	2	2,500	1	1,270	0	0	4	33,500	7	37,270
2022	2	9,200	1	1,250	0	0	7	57,132	10	67,582
YTD 2023	0	0	0	0	0	0	0	0	0	0
Total	6	22,462	3	6,542	0	0	18	123,382	27	152,386
<i>Source: Bank Data</i>										

The following table illustrates the bank's community development lending activity by assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MSA 35620	5	12,962	1	4,022	0	0	13	91,942	19	108,926
MSA 12100	0	0	0	0	0	0	1	3,200	1	3,200
Broader Regional Area	1	9,500	2	2,520	0	0	4	28,240	7	40,260
Total	6	22,462	3	6,542	0	0	18	123,382	27	152,386
<i>Source: Bank Data</i>										

Qualified Investments

Crown Bank made 21 qualified investments totaling \$2.3 million. This total includes 6 prior period investments totaling \$2.3 million and 45 current period donations totaling \$42,556. The bank did not make new investments during the evaluation period. Two of the outstanding investments, totaling \$411,390, specifically benefit MSA 35620. The other four outstanding investments totaling \$1.9 million benefit both assessments area MSA 35620 and MSA 12100. All donations benefitted MSA 35620. Investments and donations represent 18.7 percent of total securities and 0.4 percent total assets as of December 31, 2022. Qualified investments increased by 36.8 percent by number, but declined 58.6 percent by dollar volume when compared to the prior evaluation, at which time qualified investments and donations represented 10.7 percent of total securities and 1.1 percent of

total assets. The bank's community development investments were primarily responsive to affordable housing and economic development benefitting low- and moderate income individuals.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	1,213	0	0	1	1,087	0	0	6	2,300
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	5	1,213	0	0	1	1,087	0	0	6	2,300
Qualified Grants & Donations	2	1	12	42	0	0	0	0	14	43
Total	7	1,214	132	42	1	1,087	0	0	26	2,343
<i>Source: Bank Data</i>										

Community Development Services

Bank staff provided 14 instances of financial expertise and/or technical assistance during the evaluation period to 5 community development organizations. All services benefitted MSA 35620. The services provided represent a 53.3 percent decrease in the number of community development services performed by bank employees when compared to the prior evaluation, during which time bank employees provided 30 instances of financial expertise and/or technical assistance. The COVID-19 pandemic covered almost the entire review period and limited opportunities for providing community development services.

The following table reflects the bank's community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	0	0	0	0
2020	0	4	1	0	5
2021	0	4	0	0	4
2022	0	5	0	0	5
YTD 2023	0	0	0	0	0
Total	0	13	1	0	14
<i>Source: Bank Data</i>					

Additionally, the bank continues to offer a variety of retail banking services to facilitate the needs of low- and moderate-income individuals and small business customers. For example, the bank offers a checking account with no minimum balance requirements and Bill Pay for a low monthly service fee.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

MSA 35620 ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MSA 35620 ASSESSMENT AREA

The MSA 35620 assessment area includes 1,248 of the 1,258 tracts (99.2 percent) comprising the two assessment areas collectively. This area includes the full New Jersey Counties of Bergen, Essex, Hudson, Middlesex, Monmouth, Somerset, Passaic, and Union; and the northern portion of Ocean. Crown Bank operates 12 of its 13 (92.3 percent) branches and ATMs in this assessment area. In addition, the bank originated 100.0 percent of its in-assessment area small business loans in this assessment area during the evaluation period. Therefore, performance in the MSA 35620 assessment area received substantially greater weight than performance in the MSA 12100 assessment area when arriving at the overall rating and conclusions.

Economic and Demographic Data

The assessment area’s census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data:

- 180 low-income tracts,
- 243 moderate-income tracts,
- 388 middle-income tracts, and
- 429 upper-income tracts
- 8 census tracts with no income designation.

There are 23 municipalities within the assessment area designated by New Jersey state government as Urban Enterprise Zones (UEZs). The UEZ Program, enacted in 1983, serves to revitalize deteriorating urban communities and stimulate growth by encouraging businesses to develop and create private sector jobs through public and private investment. UEZ Program-approved businesses benefit from reduced sales taxes and tax-free purchases on capital equipment. Additional benefits include; financial assistance from the State Economic Development Authority, subsidized unemployment insurance, an energy sales tax exemption for qualified manufacturing firms, and certain tax credit options.

The following table illustrates select demographic characteristics of the MSA 35620 assessment area.

Demographic Information of the Assessment Area						
MSA 35620						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,248	14.4	19.5	31.1	34.4	0.6
Population by Geography	5,691,422	12.4	18.7	31.1	37.7	0.1
Housing Units by Geography	2,208,823	12.3	19.3	31.8	36.6	0.1
Owner-Occupied Units by Geography	1,196,465	4.6	13.6	33.2	48.6	0.0
Occupied Rental Units by Geography	819,737	21.8	26.2	30.1	21.8	0.1
Vacant Units by Geography	192,621	19.8	25.1	29.6	25.4	0.2
Businesses by Geography	692,253	10.4	15.7	30.3	43.5	0.1
Farms by Geography	10,417	5.9	13.2	30.8	50.1	0.0
Family Distribution by Income Level	1,396,439	21.7	14.4	16.6	47.2	0.0
Household Distribution by Income Level	2,016,202	24.5	13.7	15.4	46.3	0.0
Median Family Income MSA - 35084 Newark, NJ-PA		\$90,570	Median Housing Value			\$362,795
Median Family Income MSA - 35154 New Brunswick-Lakewood, NJ		\$95,564	Median Gross Rent			\$1,263
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$67,560	Families Below Poverty Level			8.9%
Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares the bank's small business lending to the distribution of businesses located in each geography, with a focus on lending in the low- and moderate-income census tracts. According to 2021 D&B data, 10.4 percent of businesses in the assessment area are located in low-income census tracts and 15.7 percent of businesses are located in moderate-income census tracts. This suggests somewhat limited opportunity for lenders to make small business loans in low- and moderate-income census tracts.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2021 D&B data, there were 692,253 non-farm businesses operating within the assessment area. The following reflects the GARs for these businesses.

- 91.0 percent have \$1.0 million or less;
- 3.8 percent have over \$1.0 million; and
- 5.2 percent have unknown revenues.

Service industries represent the largest portion of businesses at 34.2 percent; followed by non-classifiable establishments at 26.9 percent; retail trade at 10.8 percent; finance, insurance, and real estate at 7.8 percent; construction at 7.0 percent; and transportation, communication at 5.7 percent.

In addition, 58.7 percent of area businesses have four or fewer employees, and 94.0 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates at the county, state, and national levels increased significantly from 2019 to 2020 due to the economic impact of the COVID-19 pandemic that began in March 2020. From 2021 through October 2022, unemployment rates decreased to pre-pandemic levels or lower. While unemployment rates fluctuated over the evaluation period, the majority of county unemployment rates were comparable to the state and national averages. The following table presents annual and current unemployment rates for the assessment area counties as well as the state and national levels.

Unemployment Rates				
Area	2019	2020	2021	October 2022
	%	%	%	%
Bergen County	2.8	9.2	6.0	2.7
Essex County	4.2	11.3	8.0	3.8
Hudson County	3.1	10.2	6.8	3.0
Middlesex County	3.0	8.5	5.7	2.6
Monmouth County	3.0	8.6	5.5	2.5
Ocean County	3.5	9.1	6.0	2.8
Passaic County	4.1	12.2	8.4	3.8
Somerset County	2.9	7.5	5.1	2.3
Union County	3.5	9.6	6.7	3.1
State of New Jersey	3.4	9.5	6.3	2.9
National Average	3.7	8.1	5.4	3.7
<i>Source: Bureau of Labor Statistics</i>				

Competition

The assessment area is a highly competitive market for financial services. According to 2021 FDIC Deposit Market Share data, 179 financial institutions operated 1,782 branches within this assessment area. Of these institutions, Crown Bank ranked 48th with a deposit market share of 0.1 percent.

There is a high level of competition for small business loans in this assessment area. Crown Bank is not required to report small business lending data and has not elected to do so; therefore, examiners did not use aggregate lending data for comparison purposes. However, examiners reviewed the most recently available aggregate lending data to gauge the level of competition and demand for small business loans within the assessment area. According to 2020 aggregate lending data, 311 lenders originated 216,650 small business loans in this assessment area. The five most prominent small business lenders, all larger national or regional institutions, accounted for 54.1 percent of the total market share by number of loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what types of credit and community development opportunities are available.

Examiners reviewed a recent contact with a business development manager located in Middlesex County. The contact is a representative of an organization established to drive economic vitality in Middlesex County through business retention, recruitment, and expansion. The organization receives funding through taxpayer dollars, as well as federal and state grants. The contact emphasized needs for access to flexible capital for small and minority-owned businesses, noting that small businesses face challenges meeting regulatory requirements. The contact believed that there is opportunity for banks and local governments to do more in terms of meeting the area's small business credit needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that economic development represents a primary community development need, and flexible loan programs for small businesses are the primary credit need in the assessment area. The significant percentage of businesses with GARs of \$1.0 million or less and the large number of businesses with four or fewer employees supports this conclusion. Community banks have opportunities to participate in local development projects involving small business owners to aid in revitalizing local communities. Last, there is a need for financial education and technical assistance, particularly for entrepreneurs and small business owners.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MSA 35620 ASSESSMENT AREA

LENDING TEST

Crown Bank demonstrated excellent performance under the Lending Test in the MSA 35620 assessment area. The bank's performance under the Geographic Distribution and Borrower Profile criterion supports this conclusion.

Geographic Distribution

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Examiners compared the bank's performance to the percentage of businesses operating in each census tract category.

In 2021, Crown Bank's lending performance in low-income census tracts significantly exceeded area demographics. Crown Bank's lending performance in moderate-income tracts also exceeded area demographics in 2021. This distribution of lending represents excellent performance. The

following table depicts the distribution of the bank's small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
MSA 35620					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	10.4	33	33.0	3,359	22.3
Moderate					
2021	15.7	20	20.0	4,499	29.8
Middle					
2021	30.3	24	24.0	4,986	33.0
Upper					
2021	43.5	22	22.0	2,172	14.4
Not Available					
2021	0.1	1	1.0	75	0.5
Totals					
2021	100.0	100	100.0	15,091	100.0
Source: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of small business loans reflects excellent penetration among businesses of different sizes. Examiners compared Crown Bank's performance to the distribution of businesses by GAR level.

Crown Bank's lending to businesses with GARs of \$1.0 million or less was well below the percentage of businesses at that GAR level in 2021; however, this decrease is primarily due to the large number of PPP loans the bank originated in that year. Since the PPP does not require lenders to collect revenue information, a majority of the bank's small business loans did not include revenue information. When excluding PPP loans, the bank made 14 of 14 small business loans to businesses with GARs of \$1.0 million or less in 2021. Overall, the bank's record of lending to small businesses is excellent. The following table reflects the distribution of small business loans by revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
MSA 35620					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	91.0	14	14.0	4,735	31.2
>\$1,000,000					
2021	3.8	0	0.0	0	0.0
Revenue Not Available					
2021	5.2	86	86.0	10,456	68.8
Totals					
2021	100.0	100	100.0	15,191	100.0
Source: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

Crown Bank's community development performance demonstrates adequate responsiveness to the community development needs of this assessment area, considering the institution's capacity and the need and availability of such opportunities.

Community Development Loans

The bank's community development lending performance in this assessment area is consistent with its overall performance. During the evaluation period, Crown Bank originated 19 of its 27 community development loans in this assessment area. This total represents 70.4 percent of total community development loans by number and 71.5 percent by dollar volume. In addition, 25.9 percent by loan number and 26.4 percent by dollar volume of Crown Banks's total investments benefited the broader regional area. The following points illustrate examples of the community development loans in this assessment area.

- In 2020, the bank renewed a \$4.0 million loan to remodel and expand a five-story building in a low-income census tract in a UEZ. The building is leased to a government operated career center. The use of the proceeds help provide community services to low- and moderate-income residents.
- In 2022, the bank made a \$26.9 million loan to purchase vacant land for business expansion in a moderate-income census tract in a UEZ. The use of these proceeds will revitalize and stabilize the area by creating and retaining permanent jobs for low- and moderate-income residents.
- In 2022, the bank refinanced a \$17.5 million loan secured by four commercial buildings in a moderate-income census tract. The buildings contain 22 units, all of which are rented to

small businesses. The use of these proceeds will revitalize and stabilize the area by retaining permanent jobs for low- and moderate-income residents.

Qualified Investments

The bank's qualified investment performance in this assessment area is consistent with its overall performance. Crown Bank's investments and donations totaled \$1.3 million in this assessment area. This total represents 53.5 percent of bank-wide investments. In addition, 46.5 percent (\$1.1 million) of the bank's total investments benefited the broader statewide area that includes this assessment area. The following points illustrate an example of qualified investments in this assessment area.

- The bank has one outstanding qualified investment of \$1.1 million in a Certified Community Development Small Business Association loan fund that helps small businesses secure financing. These small businesses are either located in low- or moderate-income areas and/or employ low- and moderate-income individuals. This investment supports economic development.
- The bank made two donations totaling \$26,000 to a non-profit community service organization located in a low-income census tract in Newark. The bank's donations supported scholarships and after school youth programs for low- and moderate-income students. This donation supports community services.
- The bank made a \$5,000 donation to a non-profit in Newark that promotes the City of Newark to tourists and locals through special events supporting local small businesses, and bolstering the city's economy. Newark has been designated as a UEZ and Opportunity Zone. This donation supports economic development.

Community Development Services

Since the last evaluation, the bank provided twelve community development services within this assessment area. The following points illustrate a sample of community development services the bank provided during the evaluation period.

- An employee used her financial expertise as a Steering Committee member and fundraiser for a community service organization. The organization conducts fundraisers primarily benefitting local low- and moderate-income individuals and families.
- An employee used his financial and banking expertise as a loan committee member on the Elizabeth Development Company (EDC). The EDC is a non-profit organization that manages the city's UEZ program and works to promote economic revitalization and help the city's neighborhoods thrive by supporting by providing training, employment services, financial services, and loan and grant application support.

- An employee provided a free identity theft and fraud seminar to a local senior citizen group along with the local police department. A majority of those in attendance were of low- or moderate-income levels.
- An employee is a member of the fundraising committee for a local healthcare foundation. The committee raises funds to provide free and discounted services for patients who otherwise would not be able to afford the health care they need. Financial assistance is made available to patients based on income and assets, primarily those who are low- or moderate-income.

In addition to its community development services, the bank operates two branches in low-income census tracts and three branches in moderate-income tracts in this assessment area. This represents 38.5 percent of the branch network and enhances the availability of banking services to low- and moderate-income individuals.

MSA 12100 ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE MSA 12100 ASSESSMENT AREA

This assessment area includes a portion of Atlantic County in the Atlantic City-Hammonton, New Jersey MSA 12100. Crown Bank operates one branch and one ATM within this assessment area. The bank did not originate any small business loans in the MSA 12100 assessment area during the evaluation period. In addition, this assessment area accounted for only 0.8 of total census tracts, 3.7 percent of total deposits, and 7.7 percent of the bank’s branches. Therefore, examiners assigned significantly less weight to the bank’s performance in this assessment area when arriving at the overall rating and conclusions.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
MSA 12100						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	30.0	50.0	0.0
Population by Geography	25,066	0.0	23.4	32.2	44.4	0.0
Housing Units by Geography	10,857	0.0	26.0	34.0	40.0	0.0
Owner-Occupied Units by Geography	6,866	0.0	17.2	32.5	50.2	0.0
Occupied Rental Units by Geography	2,823	0.0	45.6	32.7	21.6	0.0
Vacant Units by Geography	1,168	0.0	30.0	46.1	23.9	0.0
Businesses by Geography	3,518	0.0	16.1	27.0	56.9	0.0
Farms by Geography	60	0.0	31.7	23.3	45.0	0.0
Family Distribution by Income Level	6,426	15.9	15.2	19.3	49.6	0.0
Household Distribution by Income Level	9,689	19.6	14.5	18.4	47.4	0.0
Median Family Income MSA - 12100 Atlantic City-Hammonton, NJ MSA		\$66,523	Median Housing Value			\$239,572
			Median Gross Rent			\$1,041
			Families Below Poverty Level			7.0%
Source: 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there were 3,518 non-farm businesses operating within the assessment area. The following reflects the GARs for these businesses.

- 88.6 percent have \$1.0 million or less;
- 4.0 percent have over \$1.0 million;
- 7.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 45.2 percent, followed by non-classifiable establishments at 18.7 percent; retail trade at 11.9 percent; finance, insurance, and real estate at 8.3 percent; construction at 7.5 percent; and transportation, communication at 2.5 percent. In addition, 61.8 percent of area businesses have four or fewer employees, and 91.4 percent operate from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to the U.S. Bureau of Labor Statistics, the unemployment rate for Atlantic County at year-end 2019, 2020, and 2021 was 4.8 percent, 17.2 percent, and 9.5 percent, respectively. Unemployment rates for Atlantic City trended above the state and national averages during the evaluation period. Refer to the Economic and Demographic Data section under the MSA 35620 assessment area for New Jersey statewide and nationwide unemployment rates.

Competition

The assessment area is a moderately competitive market for financial services. According to 2021 FDIC Deposit Market Share data, 13 financial institutions operated 16 branches within this assessment area. Of these institutions, Crown Bank ranked 13th with a deposit market share of 0.7 percent.

There is a high level of competition for small business loans in this assessment area. According to 2020 aggregate lending data, 112 lenders originated or purchased 7,678 small business loans in this assessment area. The three most prominent small business lenders, American Express National Bank, TD Bank, and Bank of America accounted for 32.6 percent of the total market share by number of loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MSA 12100 ASSESSMENT AREA

LENDING TEST

Crown Bank did not originate any small business loans in this assessment area during the evaluation period. The bank's lending performance in the MSA 12100 assessment area is below the lending performance for the institution; however, it does not change the institution rating.

COMMUNITY DEVELOPMENT TEST

Crown Bank's community development performance demonstrated adequate responsiveness to community development needs of this area, considering the institution's capacity and the need and availability of such opportunities. While the bank's community development performance in this assessment area is below the community development performance for the institution, this does not change the institution's overall rating.

Community Development Loans

The bank's community development lending performance in this assessment area is consistent with its overall performance. During the evaluation period, Crown Bank originated one community development loan for \$3.2 million in this assessment area. Please refer to the overall Community Development Loans section for a description of the bank's community development loans.

Qualified Investments

The bank's qualified investment performance in this assessment area is consistent with its overall performance. Four outstanding investments totaling \$1.9 million benefit both assessment area MSA 35620 and MSA 12100. None of the donations benefitted this assessment area. Relative to the bank operations in this area, these investments represent adequate performance. Please refer to the overall qualified investments section for details.

Community Development Services

During the evaluation period, the bank did not provide any community development services in this assessment area.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.